Interview with U.S. Navy Secretary Ray Mabus
Climate Leadership Conference Keynote Interview
with Daniel Kreeger, Executive Director, Association of Climate Change Officers
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ELLIOT DIRINGER: Good afternoon, everyone. I'm Elliot Diringer of the Center for Climate and Energy Solutions, or C2ES. On behalf of C2ES and our partners – the Association of Climate Change Officers and The Climate Registry – we'd like to all welcome you to the opening plenary of the Climate Leadership Conference for 2015. It's a real pleasure for us to be partnering again with ACCO and The Climate Registry in bringing us all together, and a – and a pleasure for all of us to be partnering with EPA to recognize and reward climate leadership. As you'll all see in the awards ceremony tomorrow night, there is real leadership to be celebrated, proof of the innovative work going on across the country to make progress in meeting our climate and energy challenges.

I just have to offer one word, speaking of leadership. And some of you may know that we have had a change in leadership recently at C2ES, and our new president, Bob Perciasepe, really wishes he could be participating today. But having recently left EPA, he's still in the midst of his one-year cooling-off period – (laughter) – during which he cannot participate in EPA-sponsored events. But Bob sends his greetings to all of you, he sends his congratulations to the outstanding leaders who will be honored tomorrow night, and he's already thinking about next year.

So we've got a really terrific program. Our thanks to all of our speakers. Our thanks to all of you for being with us. And on behalf of us again, welcome. (Applause.)

DANIEL KREEGER: Well, hello. I'm Dan Kreeger. I'm the executive director of the Association of Climate Change Officers, and it's really – just it's so exciting to see another packed room. This is our fourth year of this program, and it's been – it's just been a great run. So we're thrilled to have you all. We've got, I think, an exceptional program.

And while there are some remarks that I would like to make, what I don't want to do is hold up our next speaker, who is an absolute visionary in this space. I had the pleasure of seeing him speak at the GreenGov Symposium, which we ran a few years ago with the White House Council on Environmental Quality, and his remarks at that time really shaped a significant amount of my approach in how I interact and engage people on climate change. It strikes me, in hearing Elliott's comment about cooling off, we could all use – in looking at the way the science and figures, we could all use some cooling off, quite frankly. But this is a leader who is (sic) just been pushing the metal to the – the pedal to the metal in nearly six years as the secretary of the Navy. Please join me in welcoming the secretary of the Navy, Secretary Ray Mabus.

SECRETARY RAY MABUS: Thank you very much, Dan. Thank you all for having me here. I'm going to be pretty brief, just a few minutes, and then we're going to do some more conversational-type stuff.

But one of the things that I think people are sort of – well, what does the Navy have to do with climate change or with any of the climate leadership? What do we have to do with energy? What do we have to do with changing sources of energy or conserving energy?

Well, the Navy has always been a leader. We went from sail to coal in the middle of the 19th century. We went from coal to oil in the early part of the 20th century. And we pioneered the use of nuclear for transportation in the middle of the 20th century. And every single time we did – every single time – there were people that said, oh, this doesn't work, this is stupid. (Laughter.) You know, you – in the case of wind, you're giving up something free for something that costs money and is doubtful. You don't know about this new technology. When we went from coal to oil, we've got all these coaling stations set up around the world; what are we going to do with that infrastructure? And nuclear, it's the same thing: Why are you trying to do nuclear submarines and carriers? Everybody knows it can't be made small enough or safe enough to possibly do that. Well, those naysayers were wrong every single time, and they're going to be wrong this time, too.

When I started looking at the Navy and how to organize my thinking about the Navy, the Navy gives the country – the Navy and Marine Corps – when I say Navy, I'm talking about the Department of the Navy, which includes our Marines. What the Navy and Marine Corps uniquely give this country is presence – is the ability to be not just in the right place at the right time, but the right place all the time. The ability to do whatever is needed. The ability to be on station, just – very quickly, to stay there for a long, long time, to bring whatever we need with us and not have to ask anybody's permission to do what we do.

The best example of that is when the president decided to strike ISIL. The carrier George H.W. Bush was on station less than 30 hours later, conducting strikes. And for 54 days, it was the only option America had. And it wasn't because we didn't have assets in the region; we did. It was because we couldn't get people to give us permission to arm our aircraft and fly them off of their soil. We don't have to ask anybody in the Navy. We're on sovereign U.S. territory. But it depends on our ability to be there. It depends on our ability to have fuel. It depends on our ability to use it well.

And so I decided to organize my thinking in the Navy around four more words that begin with P to get that fifth P, presence. It's people – our Sailors and Marines – platforms – numbers of ships and aircraft – power – energy – and partnerships. Obviously, today I'm going to talk about the third of those, but we're making progress on all of the others. Our fleet's growing in size for the first time in a very, very long time. I think our Sailors and Marines, in terms of being resilient, in terms of the things that we're

doing there. And our partnership building, doing things with partners around the world. Marines today are in more than 40 countries right now, working with our partners.

But the P, the power. Energy can be and is used every day as a weapon. You don't have to look any further than the Ukraine and see the way Russia treats Ukraine, but also the way that Russia threatens Europe with energy as well. And one of the things I wanted to make sure is that weapon is that weapon could not be used against us in the Navy. And so I came up with goals for the Navy, the biggest of which is that by no later than 2020 at least half of all our power – both afloat and ashore – will come from non-fossil fuel sources.

And we're doing this for one reason. We're doing it to be better at our jobs, to be better warfighters. Now, it has some great side effects, one of which is a smaller carbon footprint, we're better stewards of the environment. And we're well on our way, and we're going to meet – we're going to meet this new standard.

We're going to meet it onshore by the end of this year. By the end of 2015, we will have a gigawatt of renewable energy to our bases. And even though we are a seagoing service, we also own 3½ million acres of land, 117,000 buildings. And so we're making a huge switch there, and a gigawatt is half of our power. The president put it in his State of the Union three years ago that the Navy was going to buy a gigawatt by 2020. We're going to beat it by five years.

At sea, we have certified all our ships and all our aircraft on biofuels. We have – and we don't have many requirements for those biofuels, but we do have some, and they're important.

One is that they have to be a drop-in fuel. We're not changing our engines. We're not changing the settings on the engines. The engines can't notice the difference. So that's the reason we can't do natural gas on our ships or our aircraft. It would be prohibitively expensive to change those engines out.

Second, it can't take any land out of food production. We don't want ethanol. We don't want first-generation biofuels. We want second-generation or third-generation biofuels.

And third, it's got to be cost effective. And we have found all sorts of feedstock for that, everything from municipal solid waste to used cooking oil to woody biomass to algae to camelina, which you grow in rotation to keep land from burning out growing corn or a food crop over and over again.

But we have now demonstrated the Great Green Fleet, which is, in 2012, at Rim of the Pacific, the biggest naval exercise in the world, we had a carrier strike group. The carrier was nuclear, but every ship in that strike group was sailing on a 50/50 mix of biofuels and marine diesel. Every aircraft that took off from the carrier, every type of aircraft, was fueled with a 50/50 blend of AB gas and biofuels. The only difference that

we thought we noticed was that the biofuels burned a little bit cleaner. Our engines didn't gunk up as much. And we bought these biofuels just in the normal course of business, put them in our normal logistics chain, sent them out to the fleet.

We had the Australians there. They have signed an agreement with us. Australia has, Chile has, Italy has. We're getting close with a couple other countries. And the press asked the Australian then-vice chief of the navy, now chief of the navy, said, are you committed to these biofuels? And he said, well, I just flew over on that helicopter; it's about to be refueled with biofuels. I'm going to fly back to the Australian ship. So yeah, I'd say I'm pretty good to – (laughter) – to this whole thing.

So we are – I hope that we're not just changing the Navy. DoD is the largest user of fossil fuels in the world. The Navy and Marine Corps are a little more than a third of that. But if we can change the fuels that we use, if we can move that, the military has more times than not been in the lead when technologies change. Civilian sector follows. I mean, look at the Internet. GPS, flat-screen TVs are all examples of things that started in the military and moved out. We're big enough to bring a market just in the Navy. We're big enough to move markets. And I, for one, think that it's – let me go back a step.

In the five years before I became Secretary of the Navy, we put 27 ships under contract. It wasn't enough to stop our fleet from getting smaller and it wasn't enough to protect our industry that was building ships. First five years I've been Secretary, we've put 70 ships under contract with a smaller top line.

Now, one of the ways we did that was competition, making people compete for that business. I think competition's pretty good everywhere, and I think fuel is one of those places that we need competition. Zaki Yamani, the oil minister of Saudi Arabia – I was ambassador to Saudi Arabia in the mid-'90s – very famously said the Stone Age didn't end because we ran out of stones – (laughter) – it ended because we invented something better. And I think the same thing is going to be true here. We need to have some competition.

A couple more things. People have said, well, now that the price of oil and gas has come down so dramatically, can you still do this? Onshore it's a – it's a really easy answer. We're saving money with our alternative fuel. Over the lives of these contracts, we're going to be paying less for energy than we do today using traditional sources of energy. At sea the answer is yeah. So far, in the solicitations that we made, biofuels are being competitive even at these rates. But one of the things that this very sharp downward move of prices on oil and gas has shown us is just how volatile the pricing structure is for oil and gas.

And yeah, it goes up and down, but if you look over history it's gone in one direction, and that's headed up. And it's a sine wave around that, headed up. And before this big drop, there were big increases that we didn't foresee either, and the Navy was presented with several billion dollars in bills for fuel costs that we hadn't budgeted. And

trying to smooth that out – trying to smooth that out, those big volatility, you can't do it with just oil because oil is a global commodity. It doesn't matter if we produce all that we need in this country. And, very frankly, the military is going to move to the front of the line no matter what. We're going to get all that we need. But unless we have a different homegrown source of fuel at more stable prices, we're still going to be held hostage to those big price spikes and big price drops at the – at the same time.

A couple of other things. We're also becoming more efficient in how we use energy. We're doing everything from signing energy savings contracts on our bases with the private sector – you save us energy, we'll share the savings with you – to things that nobody thinks much about. But changing the lightbulbs on a ship from regular bulbs to LEDs saves 2 or 3 percent of the total fuel usage of that ship. That adds up in a fleet of 300 ships. And also LEDs provide way better lighting than the traditional bulbs do. We're doing hull coatings. We're doing stern flaps. We're doing void planning, which sort of fell out of favor after sails went away. But go with the currents, with the prevailing wind patterns instead of against them. We're saving a lot of fuel at sea and ashore by doing that.

One of the things that we were talking about before this speech is that in most of my remarks I say, when you think of the United States Marines, you don't normally think of ardent environmentalists. (Laughter.) But they are. They have been out front on this for years, and they are the most out front of any service in terms of changing the way they make energy and changing how they use it. We were losing a Marine, killed or wounded, for every 50 convoys of fuel brought into Afghanistan. That's way too high a price to pay.

So Marines were going for things like solar blankets to charge their GPS and their radios. It was saving a company of Marines 700 pounds of batteries. They've got a new thing now that they're putting braces either on people's legs or on their pack so, as they move and these braces move, it's translated into electricity so that you don't have to do it. We've got SEAL teams out in the field that are pretty close to net zero on both fuel and water. They use alternative ways to make fuel and they use that to purify water, so they can stay out a long, long time without having been – without having to be resupplied. Same thing for the Marines.

Marines run a thing called ExFOB – Expeditionary Forward Operating Base – twice a year, once in Arizona, once here at Quantico. And they basically invite industry and say, show us what you got. Show us what you got where we could make energy differently. Show us what you got so that we can use less of it. And they buy stuff right there and we get it to the Marines in the field. We got it to the Marines in the field during some of the hottest fighting in Afghanistan and it made them better Marines, and the Marines recognized this.

On our amphibious ships, we now have two Big Deck Amphibs. These are the biggest ships we have except aircraft carriers. They really are carriers, smaller versions,

that are hybrid drives now with an electric motor for speed is under 12 bucks. A normal diesel for speed's over 12 bucks.

The Makin Island was the first one of these to do it. The USS America is the second. The Makin Island, the first deployment she went on, she spent about half of the normal amount of money on fuel that we send these ships out with. The America has had the same experience when she went from Mississippi around South America to her new home port in San Diego. We're building an all-electric class of ship, the Zumwalt destroyers, the DDG-1000. And we're beginning to retrofit some of our destroyers with these hybrid systems. They just use a lot less power and get us there when we need to be with just a lot more efficiency.

So those are some of the things we're doing. As I said, we're doing it for a reason. We're doing it to be better at our jobs, better at defending this country, better at being warfighters, better Sailors, better Marines. And the culture is changing inside the Navy and the Marine Corps. People are stepping up now with ideas, not just being – just waiting to be told, but saying, I can save some money here. I can save you some energy there. I can do this. And it's like we do everything else. We drive responsibilities down farther and faster than any other organization I've ever seen. We expect our most junior Sailors, we expect our most junior Marines, to be flexible, to be able to make decisions on their own, and to be able to do whatever it takes to meet whatever challenge comes over the horizon.

So I think we're in a leadership position. I think the Navy, as it has always been, is out front in terms of energy, in terms of climate, in terms of doing the things that this group is doing so well in other sectors. I do hope and I fully believe that we will lead the country. Thank you all.

MR. KREEGER: So, Secretary, I'm going to jump straight in, being respectful of your schedule as well. You're six years into the administration, several executive orders, sustainability and climate change, congressional mandates, your own mandates. You gave us a number of examples. Of those, of the things that you've seen or have executed, what are you most proud of? What's the – what are some of the greater accomplishments that you're –

SEC. MABUS: Well, number one is the change in culture, the change that – you know, I was on the Makin Island at sea, and – in the Pacific – and I was talking with the engineering officers, looking at these hybrid drives. I'm an English major; I have no idea what I'm looking at. (Laughter.) I know that it's called a hybrid drive, but – (laughter) – that's about as far as my technical expertise goes.

But I was talking to him about it. And he said, yeah, he said, these are great; it's a great technology. But he said, but that's not the biggest change. He said the biggest change is this third-class petty officer coming up and saying: Sir, I figured out a way I can save 10 percent of the energy on this piece of equipment, or sort of competition's developed about how you do this. And the fact that we are in a leadership role has

translated into a lot of – a lot of enthusiasm, a lot of pride in what we're doing. And that we have always shown leadership in energy has also translated really well. And I'm – I think I'm prouder of that than any of the specific accomplishments.

And it makes me – it makes it a lot easier for me to answer the question: Why is the Navy – why is the Navy doing this? Or, as one of the congressmen asked me during a hearing: You're not the secretary of Energy. Why are you doing this? (Laughter.) But we're doing so much more than the Department of Energy right now, just because we're bigger. I mean, it has nothing to do with philosophy or anything. It's just because we are so big in terms of what we can influence and can do.

MR. KREEGER: Well, as a fellow English major, with no graduate or subsequent expertise is any of these areas – and that's a disclaimer I put anytime I lecture a class – I think the communication and engagement component is actually one that really stands out. I mean, maybe that brings us to the next question, which is, so, you talked about the transformation in culture. What sorts of steps have you taken to drive that transformation? Some of it seems to be happening on its own, but I feel like you guys are putting programs into place that –

SEC. MABUS: Well, my chief of staff, who is here somewhere, was my communications director when I was governor and my press secretary when I was running. And he has a phrase: repetition is key to good communications. And he tells a story of when I was running for governor. I said that the state government ought to do three things really well: education, jobs, and third was a thing I called protection, which was health care, law enforcement, things like that. And I made the same speech for about eight months running for governor, and I won. And our field director came to and said, we need a different speech. And he goes, why? We just won. And the field director said, well, I'm sick of hearing this. (Laughter.) The press is sick of hearing this. Everybody's sick of hearing this. We need a new speech. And he said, OK, we'll get a new speech if you can tell me the three things he says the government ought to do well. She could do one – education – couldn't remember the next two. (Laughter.) So we didn't change the speech. (Laughter.) And I got elected governor.

But in this case, it's – one of the things I learned as governor is you've got to narrow your focus because there are about a thousand things you can do. You know, I was governor of Mississippi, poorest state in the nation. There were at least a thousand things I could do every day to make things better. But if you try to do all thousand, you're going to fail at all thousand. Same thing with a job this big. And that's why I said I've come down to four things: people, platforms, power, partnerships. And you've got to – you've got to give up some things. You've got to not worry so much about stuff and you've just got to be realistic in terms of the message and stay on that same message all the time.

And I have found – and it's an interesting thing to watch. When I first came into this job and I would go out to bases or ships, I'd get briefed on everything. It was all

over the map. After about six months of talking about power, that's the first thing I get briefed on now, the state of what we're doing on power.

One of our base commanders, early in my tenure, I'd go out there and he said – well, he said, I've listened to a couple of your talks on energy, and he said, so I asked for the electric bill for the base. Then he – and he had it. And he said, so I got this, this and then 85 percent line loss. He said, so it's just energy that came into the base, we don't know where it went. We don't know what buildings are energy hogs. We don't know who's using too much. We don't know where it's going. We don't know anything. And he said, we just know how much electricity we're using and how much we're paying for. And he said, so, as a result, I'm putting smart meters on every building. We're going to figure out who's using this. We're going to figure out how we can save.

And so just sticking with that message, having a – having a pretty focused message, sticking with it.

And then I would – I would also say sticking around so that people can't just say, all I got to do is wait a couple of years, this guy'll be gone. (Laughter.)

MR. KREEGER: But it's funny, I – (laughs) – I worked in TRICARE about 10 years ago.

SEC. MABUS: I'm sorry. (Laughter.)

MR. KREEGER: (Laughs.) Actually, I wrote the TRICARE beneficiary handbook in 2003. And interesting, that was exactly some of the comment from some of the civil servants versus the SES, this was the comment, was, eh, they probably will be gone in a couple years. We're just going to do what we're going to keep doing. And I'd never been around a culture like that. It had never dawned on me that you could actually just, eh, these guys are going to be gone someday down the road, we'll just worry about –

SEC. MABUS: That's because you were never a governor. (Laughter.)

MR. KREEGER: The talking to empty chairs on the stage probably means – (inaudible) – at that point. (Laughter.)

So it's obviously communications is probably what you're – you're engaging stakeholders within the Navy. You know, you're in a room here and they're only – the only Navy in the room are your personnel. How do you – how do you go about communicating any strategies? And what parts of advice can you impart upon our folks here?

SEC. MABUS: Well, part of it is sort of walking the walk and not just talking the talk, and I'll give you an example. One of the main things I do is the budget. I asked one time early, I said, what day is not budget day at the Pentagon? (Laughter.) The answer is, there isn't one. And we are now working on the FY '17 budget. I'm going to have to

testify this week and the next three weeks on the FY '16 proposal, the president's budget. And we're executing the FY '15. I mean, just figuring out what year it is to write on checks – (laughter) – is a big challenge.

But early on, I would – the way the budget sort of gets, you know, you issue guidance early and then there's all sorts of making sausage, and then it comes up to various senior groups and then finally to me. And this happened, and – I was brought in – in order to get where we need to be, we need to cut several hundred million dollars of our energy cost.

And I remember the phrase that was used. They said – the budget people are just eye slits. They've got nowhere else to go. And unless – and the person giving me the brief said I think it would be a show of good faith for me to back away and say, yeah, OK, I'll cut some from my energy fund. And I thought about it for a minute. I said, no. No, no, no, no. Tell them to put that money back in. Well, evidently they had an extra case of slits in the basement somewhere, because the money got restored in a couple of hours. And I think it was a test of, are you really serious about this? Are you willing to take money from other places that are also important to do this? And once – and I tried to do it with all four of those things.

But I don't like giving away any internal debates, but this year I walked in and I said, OK, before we can get started, if you took any ships, put them back in. If you took any money away from energy, put it back in. Or, you know, if you took any money away from our things like sexual assault or suicide prevention or family resilience and our alcohol programs, anything like that, put it back in. Now, what are we going to talk about? And it was the shortest meeting I've ever had. (Laughter.) Go back in and just change it. But you just – and it's sort of like the first statement, not many things, don't dilute your focus, but make sure you keep a focus on that and make sure that that focus doesn't waver, no matter what else just happens, because it's tempting. It's tempting to get lost in the day-to-day and try to solve the headline of the day or problem of the day or the congressional request of the day. And so, OK, here's where we want to be five years from now, 10 years from now, 20 years from now.

And I'll give you one more example, and that's our platforms. We could quit building ships today and we'd get to a 300-ship Navy by the end of this decade just from the ones we've got under contract now. And so, what would that mean? I mean, I know I'll be gone at the end of this administration. But who it would affect is two or three people down the road because in the mid-2020s all of a sudden they have 100 fewer ships, because it takes so long to build a ship, it takes so long to get people trained to build ships. It just takes – (inaudible). They'd be dealing with the same thing I did when I came in, which was a fluke that followed the 316 ships on 9/11 to 278 in 2008, during one of the great buildups in our history.

And so if you're going to – you got to – you got to keep one eye on today, but you got to keep one eye on where we want to be. And it's the same thing with energy. It's the same thing with platforms. It's the same thing with anything that we do. You can't

just be focused on fixing today, because if you do it'll probably be fine for you but you won't be responsible – the responsible kind of leader you need 10 years from now, 15 years from now. And nobody's going to know who did it, but if you take these sorts of jobs, if you do what you're doing, you're not doing it just for today. You're doing it for generations to come.

MR. KREEGER: So let me throw you a curve ball, then.

SEC. MABUS: OK. (Laughs.) First clip of the day. (Laughter.)

MR. KREEGER: Doubting that. (Laughs.)

So this is an interesting makeup of the room, that half the room here is from the private sector, a significant number of Fortune 500 companies. We've got higher ed. We've got federal agencies, local government, nonprofits. A little bit of every perspective here. You talked about, like, having one foot today, one foot tomorrow perspective in a culture that seems to be so short-term oriented. How do you – how do you emphasize the importance of it? How do you drive that sort of into decision making today, and not have it just be about legacy?

SEC. MABUS: Well, I think you've got to – I think you've got to come up with a compelling story, a compelling reason to do things, a compelling reason to do things today – and you can't not pay attention to today – but a compelling reason that why, over time, this is also going to be – going to be very helpful.

You know, when I talked about how big we were – and we've got Fortune 500 companies in here. If the Navy were, of course, a private company, we'd be the second-biggest in the country in terms of employees, after only Walmart. We'd be the third biggest in terms of assets, between Exxon and Berkshire Hathaway. And we'd be the fifth-biggest in terms of budget. We're big, and that's why we can move some stuff.

But the only way I think you drive these sorts of changes, regardless of the opposition – come in and everyone knows I've been in the private sector. I've been a CEO, I've been a board chairman. I've done nonprofits ever since I left office. And the only way you do it is to go back to some of these basics, focus on a few things, explain to people why it's important to that situation.

I mean, I think the reason we're making so much progress in the Navy is that we're basing this on it's an issue of national security, it makes us better at defending this country. It takes away the argument that, well, what does climate change have to do or what does energy have to do with the Navy? It has everything to do with us. But whatever the organization is, make it specific to that organization, and then just don't waver. Don't take your eye off that ball.

And we do live in a – I mean, if you – we live sort of election to election. I've been in that world a lot. Same thing in the private sector, though: we live quarter to

quarter on, you know, reports, on meeting analyst expectations and stuff like this. And I think, in order to – you can't overlook that, but in order to overcome that, to some extent you've got to – you've got to do what English majors do and tell Navy Sailors, tell a – (laughter) – tell a good story. Tell a story of why you're doing it and of what you can expect.

And then measure yourself. You can't make a fuss here. Don't measure input – how much money you're putting in, how many people. That doesn't tell you very much. Don't even measure output that much. Measure outcome and set up measurable things and set up – because if you're going to get from point A to point B, you got to have waypoints along the way. And every two or three months, have something that's got to – that's got to happen, got to change.

And so, for the private sector, every quarter you can say, OK, we're making progress on this big goal, but it's also helped us in this quarter. For people in government, yeah, we're looking down the road five years or 10 years, but also it's helping us this budget cycle, this year, and here's the way it's helping us. And we can show it to you, we can measure it; we can give you a concrete example, not just a vague – we're going to make things better in the future.

MR. KREEGER: Well, Secretary, I know that you've got a – you've got a schedule to keep, so I want to thank you very much for joining us today.

SEC. MABUS: So much for – (laughs, laughter).

MR. KREEGER: So please join me in thanking Secretary Mabus.